

## Public policy of partnerships government and business: EU experience for Ukraine

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**Abstract:** The article defines the forms of interaction between government and business within the framework of EU public policy and finds out Ukraine's readiness to be included in this process. The authors note that the interaction between business and government in the EU occurs both at the supranational level (European Commission, European Parliament, Council of Ministers, European Social and Economic Committee) and national structures (national governments, national parliaments). Openness, participation, accountability, efficiency, and coherence are the main principles of EU good governance, which are the basis of interaction. The authors come to the conclusion that Ukrainian business associations actively cooperate with the EU business environment: EESC, BusinessEurope, Eurochambers, SMEunited, etc. However, it is still too early to talk about the completion of the formation of an effective institutional system in Ukraine capable of ensuring effective interaction between the government and business based on clearly established rules and norms of their self-regulation, which would correspond to all five principles of good governance of the EU.

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**Keywords:** *Civil society, Business, Communication, Public policy, EU, Ukraine.*

### 1. Introduction

The information society has significantly impacted the development of the public administration system because for public authorities to perform their work effectively, they must use the latest information technologies. This requires new management methods that include the use of information technology. The development of the information society contributed to the popularization and increase of the role and importance of public policy, which is defined as a property of management oriented to public interests and openness to the public. Today, the concept of public policy refers to innovative technologies of political management, which are used during the development and evaluation of the results of implemented state decisions in various spheres of social life [1]. Ukrainian specialists in the field of public administration, Teleshun et al. [2], consider public policy as the policy of public administration bodies based on the mechanisms of public coordination of the interests of interested parties and aimed at achieving socially significant goals and solving socially important tasks. When analyzing public policy, we should pay attention not only to the effective redistribution of public goods between different groups of the population but also to the use of methods of coordinating interests and achieving an effective result.

The multidimensionality of the concept of public policy and its complexity as an object of research cause certain difficulties in the creation of clear theoretical constructs. The interpretation of public policy from the standpoint of spatial coordinates allows us to characterize it as a holistic phenomenon that includes three dimensions at the same time: informational-discursive, activity-activist, and managerial.

*The informational-discursive* dimension of public policy is the sphere of information and communication. The authorities must provide society with information about the processes taking place in the state administration system. Society should be able to convey information to the authorities about its needs. However, only information dissemination channels are not an exhaustive characteristic of this dimension of public politics. Here, the discursive dimension is included, which involves the possibility of discussing this or that topic, expressing the positions of all interested parties, and creating platforms for such discussions to develop agreed decisions. That is, providing feedback from society to the state and from the state to society.

*The activity-activist* dimension of public policy characterizes the sphere of civil society. This is the readiness of civil society institutions and individuals to express their potential for effectiveness: the ability to communicate with other actors based on the principles of cooperation, to self-organize to achieve common goals, and to participate in political decision-making. In this case, we are talking not only about the formal involvement of citizens and broad public groups in administrative activities but also about the level of development of civil society institutions and their ability to take responsibility for solving public problems.

*The managerial* dimension of public policy affects the administrative subsystem of public administration. It characterizes the readiness and ability of government institutions or their representatives not only to listen but also to hear civil society, readiness for cooperation, and ability to produce agreed decisions and implement them.

The magic triangle of public policy speaks of the need to coordinate the interests of three key stakeholders: business – government – society. The government represents the managerial dimension of public policy. Business and civil society determine the activity-activist dimension. Under certain circumstances, business and civil society have a common position and act as a united front in negotiations with the state. At the same time, the positions of business and civil society differ in many situations. In such cases, the government's task is to reach an agreed solution not only within the framework of bilateral relations: state-society, but also to find opportunities to harmonize the positions of business and other civil society organizations. The informational-discursive dimension of public policy acts as the platform where the positions of all interested parties are agreed upon, and joint decisions are made.

Evaluation of the effectiveness of public policy in the scientific literature is most often reflected in indicators of the effectiveness of the state and its institutions for society. Effective use of feedback means allows the authorities to take into account the opinion of the public when solving various socio-economic problems and make informed decisions, and allows the public to take the initiative and influence the process of decision-making.

However, it is unnecessary to put all the responsibility only on the authorities. An important role in implementing effective public policy is played by the understanding and perception that each party has its own area of responsibility. The government's responsibility is to carry out reforms, to ensure a balance of interests between civil society, the state, and business, to work transparently and qualitatively according to new approaches, and to guarantee the observance of human rights. The responsibility of business is to support and develop the business environment, the state, and civil society, to pay taxes honestly, to make effective investments in the state's economy, and to adhere to the principles of fair work and competition. The responsibility of civil society is to control the government, live according to the principles of dignity, and strictly adhere to the norms of legislation. Thus, the effectiveness of public policy depends on the quality of institutions and the nature of the environment in which it is implemented.

The European Union has formed a rather complicated from an organizational point of view (it is necessary to take into account and combine the results of public policy at the local, national, and EU levels) and, at the same time, effective (based on the results of international rating assessments and the level of support for policies at the EU level by member states) public policy sphere.

The concept of establishing a permanent open dialogue between government structures, business, and civil society in the EU fully reflects the existing political science approach to the dialogue between the state and society as the basis of democratic development. At the same time, the transparency of such a dialogue is designed to prevent both manifestations of corruption on the part of the authorities and the usurpation by some institutions of civil society of functions that are not theirs, which is an important prerequisite for stable state development and general support for the measures taken by the authorities. As noted in B. Finke's "Civil society participation in EU governance", increasing the role of civil society in the European Union was at one time a consequence of the search for a way out of the EU's legitimacy crisis. In the absence of consensus, politicians, bureaucrats, and academics have shifted their focus to targeted contributions from civil society, a measure of democratic legitimacy that results from the genuine participation of the people in governance [3].

The experience of the EU is of great importance for Ukraine in today's conditions, when to ensure the stable development of the state, the demand for its democratization becomes one of the keys. At the same time, the activation of civil society, which is observed at this stage, brings to the fore the issue of the correct organization of dialogue along the lines of government-business-society to obtain the maximum effect from such interaction in the interests of the common good. The above-mentioned issues are also relevant in the context of the Association Agreement between Ukraine and the European Union, as it contributes to the formation of an institutional environment in Ukraine based on the principles and values of the EU, namely comprehensive cooperation and partnership.

## 2. Literature review

Public policy is one of the fundamental concepts of modern political science, which, since the middle of the 20th century, has gradually become the subject of deep scientific analysis. Special attention is paid to the study of public policy in the USA, Canada, and Western European countries. It is worth noting that within Western political science itself (in the USA and in Western Europe), the approaches to understanding public policy are somewhat different [4]. The concept of public policy in the American political discourse emphasizes the state-management function – it is understood mainly through the actions of the state, the state apparatus, and officials (closer to the concept of public administration). In the European tradition, public policy is determined through the active participation of the non-state sector (business associations, non-governmental organizations) in making political decisions. Emphasis is placed on the fact that the decisive factor in these processes is the systemic interaction of state and non-state subjects, the intertwining of whose interests form the subject field of public policy. This is not only the development and implementation of management decisions by the state but also the democratic participation of various interest groups, state and non-state political actors in the political management process, the achievement of a comprehensive vision of a social problem with compliance with the procedures for the coordination of interests before the direct political action of the authorities. Thus, the public sphere is a kind of platform, a communicative environment filled with institutions created for policy discussion and the practical implementation of actions to achieve the common good, where public opinion is formed, socio-political problems are discussed, public interests are realized, and state policy is influenced by various organizations of civil society.

Among the foreign scientists engaged in the study of public policy are J. Anderson, F. Varon, Y. Habermas, H. Colebatch, K. Larue, J. Lane, V. Parsons, L. Pal, K. Patton, D. Savitski. In Ukraine, many scientists and practitioners are engaged in the study of public policy. It is worth noting the works of S. Vyrovyi, O. Demianchuk, O. Melnyk, G. Postrygan, which consider the issues of interaction between state and public entities, programs of actions of public authorities, mechanisms of managerial influence, etc. However, today, there are still many different interpretations of the definition of "public

policy”, and a single opinion regarding this category has not yet been developed. Discussions are held both in relation to the terms public and policy and in relation to the phrase public policy.

In the framework of this study, we adhere to the European tradition of defining public policy with recognition of the important role of an active, politically functioning “democratic society”. According to many scholars, civil society itself includes the ever-emerging associations, organizations, and movements that resonate with what is happening in the private sphere, amplifying and sending all of this into the public sphere. Thus, public policy is the sphere of politics that is formed as a result of the transition from the policy of personal responsibility of leaders to the participation of civil society structures (NGOs, business associations), where responsibility is assumed by a politically active part of society, and due to this, the isolation of public policies from apparatus-state, party, corporate and special policies into a separate sphere – the so-called triangle of interaction “government – business – civil society”. In this way, civil society is directly connected with the public sphere. As Habermas [5] notes, the communicative structure of the public sphere is preserved only thanks to an energetic civil society.

The issues of mutual relations in the triangle “government – business – civil society” were highlighted in the works of E. Arato, Y. Habermas, M. Castells, D. Keen, and J. Cohen. The theory and methodology of the functioning of the business environment in the context of public policy formation were highlighted in their research by O. Babkina, D. Vidrin, A. Galchynskyi, A. Kolodiy, O. Paskhaver, I. Reiterovych, O. Sushko, S. Sytnyk, S. Teleshun and others.

The issue of establishing interaction within the framework of the “business-government” dichotomy was studied at various times by foreign scientists: J. Keynes, R. Coase, P. Samuelson, and others. The works of such scientists as H. Becker, T. Veblen, P. F. Drucker, R. Coase, M. Meyer, D. North, L. Fabius are dedicated to different aspects of the interaction between the government and business. It is worth noting that the issue of the interaction between business and government is often analyzed within the framework of public-private partnership research, particularly in the works of O. Vinnyk, Ya. Kazyuk, A. Kolot, P. Kulinich, S. Simak. Interesting studies were created by I. Zapatrina, O. Nikyforuk, E. White, E. Cherevikov, O. Shevchuk regarding the world experience of the interaction of government and business on the basis of public-private partnership in various spheres of the national economy, in particular in the field of infrastructure development. S. Osborne and R. Taylor studied the public-private mechanisms of developed countries in the field of infrastructure (construction of highways, telecommunications, railway transport), as well as in the social field.

However, a systematic, fundamental analysis of the mechanisms of interaction between government and business in the EU within the public policy framework, especially at the pan-European and national levels, and clarification of Ukraine's readiness and capabilities to be included in this process has not been conducted to date.

According to Lane [6], the perspective of consideration of public policy should be aimed at two key points: the production of political decisions after a collective choice has taken place and the implementation of policies reflected in administrative decisions.

Policy implementation characterizes the government's readiness not only to listen but also to hear society. After all, only the formal presence of communication platforms, communication channels, and procedures for discussing socially important issues cannot guarantee effective public policy. An important role in this process is, first, the opportunity for all interested parties to express their position and proposals and, second, the ability to ensure a collective choice, which should be the basis of administrative and management decisions.

Ensuring collective choice in the framework of political decision-making is a rather long-term and complex process. The mechanism for ensuring a balanced interest is most often reflected in coordinating positions within the triangle of “government – business – society”. In developed countries, these three links are separated, but there are clear rules of interaction between them. An important aspect of establishing interaction within the triangle “government-business-society” is understanding that, in this case, we are talking about institutionalized business and institutionalized civil society (NGO). Both business and civil society must be united in certain organizational structures. In the case of business,

these are business associations and employers' organizations. In the case of the rest of civil society, these are non-governmental organizations, public unions, trade unions, etc.

At the same time, studying public policy as an activity of the state for researchers is associated with several difficulties. First, this is because the process of developing public policy “hides” to a certain extent in an administrative and management complex that is autonomous from the public sphere. These decisions are carried out with the help of various measures, which are closely related to each other and cover the activities of non-governmental organizations at different levels of management (national, regional, and local). The quality of the implementation of political and management decisions made by administrative structures can be evaluated exclusively by the results of public policy (solving the problem) and their effectiveness (compliance of effectiveness with the expectations of the population and various social and political actors).

Here, it is assumed that the following components are taken into account, which affect the process of developing and implementing a political course:

- Coordination of interests in the form of discursive practices in the public sphere, with the help of which socially significant problems, demands, and conflicts are actualized;
- Institutional (institutes, formal rules, and procedures) and cognitive conditions (cognitive schemes and values) of the genesis of public action by the public (civil society institutions, public leaders, media, business structures) and political actors (political parties, interest and pressure groups, political leaders), as well as inclusive mechanisms for their coordination before direct political actions of the authorities;
- The presence of non-hierarchical structures (coalitions or networks) that have both non-governmental organizational superstructures and latent connections, within which the public actions of various actors (state and non-state) are coordinated and a collective course of political action is developed;
- The institutional level of trust in society, which is manifested in the support of public and political actors and the population of the country as a whole for the activities of the authorities and their recognition as legitimate [1].

Feedback is one of the key mechanisms of interaction within the public policy framework. This mechanism is a communicative interaction of authorities, institutions of civil society, mass media, and business structures, as a result of which the effectiveness of the decisions made in accordance with public requirements/expectations is evaluated. Feedback is characterized by forms and technologies of public participation (public opinion, public expertise, public control, etc.). The quality of feedback largely depends on the communication models formed in the public sphere between the government and society, where the state occupies a decisive position. These can be “models of one-way (directive) communication, advisory communication and support of management contacts with citizens” [7] or models of multilateral communication with a developed discursive environment. Developed feedback based on multilateral communications, in turn, determines the forms and mechanisms of public participation, which means the participation of individuals in various structures and democratic institutions.

On the basis of various forms and technologies of social and public participation, non-state players are integrated into the professional and managerial activities of state structures. It is important that without the active position of the state, expanding the influence of businesses and NGOs on management decisions is impossible. The state creates conditions for the real influence of business and educational institutions on adopting state-political decisions by expanding the openness and transparency of the authorities' activities and raising the quality standards of public administration [1].

Thus, within the framework of this study, the analysis of the interaction between business and government within the framework of public policy is carried out taking into account the following factors:

- The interaction of business and government within the framework of public policy takes place in one way or another within the framework of the “government-business-society” triangle;
- Business is an institutionalized side of interaction, organized and structured: business associations, employers' organizations, etc. – the so-called “organized business environment”;
- Availability of communication channels and mechanisms between business and the government and their impact on decision-making;
- The level of public trust in business structures and government, as well as the level of trust between business and government.
- *The article aims* to research and define modern forms of interaction between government and business within the EU public policy framework and clarify Ukraine's readiness and opportunities to be included in this process.

### 3. Methods

The choice of methods for solving the tasks of this research is determined by the complex nature of its subject and object. Considering the specificity of the mentioned problem and its interdisciplinary nature, both philosophical and general scientific methods, as well as specific methods of scientific analysis in the fields of sociology, political science, economics, and public management and administration, were chosen.

An important reference point in the study of many issues was the method of systematic analysis, which made it possible to investigate the theoretical foundations and the conceptual and categorical apparatus research, determine the essence of the main concepts and terms, and characterize their features. The use of the structural-functional method contributed to the clarification of the structural elements of effective interaction between business and government within the framework of public policy. The evolution of the interaction between business and government in the EU and Ukraine was analyzed using the historical method. Based on the comparative method, the peculiarities of communicative interaction between businesses and the authorities in the EU at the pan-European, national, and sectoral levels were determined, and Ukraine's readiness to be included in this process was clarified. In the course of the study, the methods of analysis and synthesis, induction, and deduction were also applied, which allowed to investigate in more detail the peculiarities of the interaction of business and government within the public policy framework.

*Highlighting previously unresolved parts of the overall problem.* Reviewing a large number of studies and analyzing scientific developments regarding theoretical, methodological, and practical developments regarding the establishment of relations between the government and business, it should be noted that at the current stage, studies of Ukraine's readiness to enter the process of interaction between business and government at the EU level are insufficient. That is why further research into the issues of interaction between business and government in Ukraine is appropriate precisely in the direction of analyzing the peculiarities of communication between business and government in our country and the EU and developing recommendations for increasing their effectiveness within the framework of public policy in the context of Ukraine's European integration course.

### 4. Results

#### 4.1. Main Principles of Interaction Between Business and Government in the EU

A comprehensive vision of European governance in relation to the EU was reflected in the “European governance: a White Paper” in 2001 [8]. In this rather lengthy document, European governance is primarily associated with the term “good governance”. According to Chapter II of the White Paper, good governance in the EU is based on five principles: openness, participation, accountability, effectiveness, and coherence. The document draws attention to the fact that each listed principle is important for democratic governance. At the same time, it is emphasized that all these

principles are the basis of democracy and the rule of law in the member states, but they apply to all levels of governance – global, European, national, regional, and local [9].

Let's dwell on the content of the listed principles in more detail.

*Openness* means that EU institutions should act openly and actively talk about what the EU is doing and what decisions are being made. This is particularly important for increasing the level of trust in the EU institutions and their decisions.

*Participation* implies that the quality and effectiveness of EU policies depend on ensuring the broad participation of stakeholders at all policy levels – from the development of the concept to the implementation of the adopted decisions. Increasing the level of participation should contribute to greater confidence in the final result and in the institutions that develop EU policies.

*Accountability* implies that the roles of certain EU institutions in the processes of rulemaking and law enforcement should be clear and understandable. Accordingly, each EU institution must explain and take responsibility for what it does.

*Effectiveness* means that the policy must be effective and timely, delivering what is needed based on clear objectives, an assessment of future impact, and, where possible, past experience. Effectiveness also depends on the implementation of EU policies in a proportionate manner and on decision-making at the most appropriate level. The effectiveness of governance implies effective, fair, and economical implementation of state policy.

*Coherence* consists, first of all, of consistency, succession, and clarity of policy and corresponding actions. The need for consistency in the EU is growing because the range of tasks has increased; the further expansion of the EU increases the variety of issues and the number of participants in the discussion; regional and local authorities are increasingly participating in EU policy [8].

Each of these principles is important in its own right, but they show their maximum result when interacting and complementing each other.

The fairly complex hierarchical system of the EU led to the need to develop the concept of multi-level governance. It should be noted that the very nature of the unique decision-making and implementation mechanism, which includes three decision-making procedures in the EU (consultations, consent procedure, and joint decision procedure), promotes the use of multi-level management. In fact, multi-level governance involves not a simple redistribution of powers between different levels of decision-making but the adoption of coordinated decisions by multi-level non-hierarchical supranational and national institutions, particularly with the involvement of non-state actors.

According to the White Book (revised in 2009), “multilevel management” involves the use of a certain methodological approach, which should take into account the features of the political and institutional system of the European Union and the specifics of integration processes within the EU. Instead, the Charter for Multi-level Governance in Europe defines this phenomenon as a coordinated effort on the part of the EU, member states, and local and regional authorities based on partnership and aimed at developing and implementing EU policy. The document also recognizes the need for participation in regional politics of other entities: business structures, civil society institutions, ordinary citizens, etc. [10]. At the same time, the issue of establishing effective interaction between the state and society, in addition to the creation of mechanisms and tools for such a dialogue, also requires careful attention to some other issues, which can tentatively be called issues of a responsible attitude to ensuring such a dialogue. It is, first of all, about the need for the authorities to maintain a balance between the interests of various interested parties and groups when making decisions, the requirement for the involvement of all interested parties in the dialogue, the effectiveness of the decision-making and implementation process, the prevention of pressure in the decision-making process, etc.

We must not forget about another aspect that determines the effectiveness of the business environment and NGOs, namely, their ability not only to facilitate decision-making based on the principles of transparency and consultations with the participation of representatives of various interest groups but also to ensure the implementation of such decisions. Indicators of this ability are, on the one hand, the ability of civil society to monitor the implementation of the decisions made by the authorities

and, on the other hand, the readiness of society to accept the decisions made and demonstrate the appropriate level of self-organization for their implementation.

Thus, to understand the practical level of implementation of public policy in the EU, it is necessary to analyze the very mechanism of decision-making and programs (policy making), in particular such parameters as:

- How the problem is actualized and acquires the status of socially significant;
- Channels of involvement of business and NGOs in the rule-making activities of authorities;
- To what extent interested parties have the opportunity to use the channels of access to decision-making;
- Whether there are feedback links between the subject and the object of decision-making, etc.;
- The level of legitimation of decisions at the EU level (the level of effectiveness of decisions made) [2].

#### 4.2. Institutional Ensuring the Interaction Between Business and Government in the EU

In the public policy framework, government and business interact in the European Community at all levels and in many ways. The network of relationships is huge. At the same time, the structure of relations between the government and business in the EU is quite simple.

*The authorities are represented by the following EU institutions*, which are directly involved in the law-making process and the policy-making process:

- *The European Commission* is an executive body of the EU with limited powers but has the exclusive right to legislative initiative, which, after adoption, receives the status of resolutions and directives. Informally, the Commission received the name “Guardian of the Treaties” because of its duty to oversee the implementation of EU decisions and treaties.
- *The European Parliament*, together with the Council of the European Union, is the legislative body of the EU. Parliament considers draft laws, expresses its opinions, and, under certain conditions, makes changes and votes on them.
- *The Council of the European Union* (Council of Ministers) is a body of legislative power with limited executive powers. It is the decision-making body in which member states discuss, amend, and ultimately adopt legislation and policy, making it the main decision-making body in EU affairs. The council comprises ministers from each member state, whose profile varies depending on the issue under discussion.

EU institutions and bodies cooperate widely with a network of EU agencies and organizations throughout the European Union. The main function of these bodies and departments is implementing policy in reality on the ground. Around 60,000 civil servants and other EU staff serve 450 million Europeans. In fact, this is a relatively small number. For comparison, you can cite the data of France – the Ministry of Finance of France employs about 140,000 employees for a total population of 67 million.

The fourth institution, *the European Economic and Social Committee* (EESC), is an advisory body of the EU. In this case, it is worth mentioning not because of its influence, which is marginal, but because the business sector (a group of employers, to be precise) is one of three groups (the second is trade unions, the third is representatives of various interest groups: professional associations, environmentalists, consumers, etc.), which are members of the Committee. The Economic and Social Committee represents the position and defends the interests of the so-called “organized civil society” in dialogue with the European Commission, the Council of the European Union, and the European Parliament. The Economic and Social Committee's task is to advise the Commission and the Council, which are obliged to consult it on social and economic matters. The Committee can also express its position on its own initiative.

The business side consists of individual firms and their representative organizations. The latter are divided into the following categories:

*Pan-European non-sector organizations.* Usually, such organizations include business associations or employers' organizations of EU member states. Quite often, the geography of participants is much wider. One of this sector's most prominent and representative organizations is BusinessEurope (Confederation of European Business). As a recognized social partner, BusinessEurope advocates for protecting the interests of large enterprises and national business federations in European countries. BusinessEurope includes 42 members from 36 countries, including the countries of the European Union, the countries of the European Economic Area, and some countries of Central and Eastern Europe [11]. Eurochambers (European Federation of Chambers of Commerce and Industry) is also among the representatives of this group – it represents the chambers of commerce and their member companies before the EU institutions. Its members include over 20 million companies and a network of 1,700 regional and local chambers across Europe [12]. The European Travel Retail Confederation (ETRC) consists of national and regional affiliated trade associations representing more than 200 European companies [13]. The Tax Free World Association (TFWA) represents companies operating in duty-free and travel retail throughout Europe and beyond [14]. SMEunited (Association of Small and Medium Businesses) is an association of European craftsmen and SMEs, including about 70 member organizations from more than 30 European countries [15].

Within the pan-European level, there are also two influential groups: The European Round Table for Industry (ERT) – a cross-industry forum and advocacy group in the European Union, consisting of about 60 European industrial business people working on strengthening competitiveness in Europe [16] and The EU Committee of the American Chamber of Commerce in Belgium, which represents subsidiaries of American companies in Europe and lobbies EU institutions on specific issues.

*European sectoral associations or federations.* Such groups exist in almost every sector of the economy. As a rule, membership consists of national associations. Although, in some cases, individual companies are also members. The European Federation of Pharmaceutical Industries and Associations (EFPIA) represents the European pharmaceutical sector. The membership structure includes 37 national associations, 40 leading pharmaceutical companies, and a growing number of small and medium-sized enterprises. The European Chemical Industry Council (CEFIC) is the main European trade association for the chemical sector. CEFIC is a non-profit organization representing 28,000 large, medium, and small chemical companies in Europe, interacting on behalf of its members with international and EU institutions, NGOs, international media, and other stakeholders.

*National level organizations.* The structure of these groups varies among member states. In some countries, particularly in Germany, there are separate federations of employers and organizations of various industrial sectors. The Confederation of German Employers' Associations (2024) (Bundesvereinigung der Deutschen Arbeitgeberverbände, BDA), whose members are 14 interdisciplinary regional associations and 46 federal professional employer associations in the fields of industry, trade, finance, transport, crafts, services and agriculture [17]. The Federation of German Industry (Bundesverband der Deutschen Industrie – BDI) comprises business associations that are leading representatives of Germany's industrial sector. BDI currently represents 39 industry associations [18]. The BDA represents the interests of businesses as an employer, while the BDI seeks to promote their economic and political interests.

However, more typical for EU member states is the situation when business associations merge with employers' organizations. The Confederation of Swedish Enterprises, consisting of various federations and associations, operates in Sweden. The confederation has 51 members, which are employers' associations and trade organizations of almost 54,000 member companies. The Confederation of Swedish Enterprises has an office in Brussels that supports the Swedish office and member organizations by monitoring, advising, influencing, and lobbying the various European Union authorities. Employers' federations within the Confederation of Swedish Enterprises are parties to collective agreements involving approximately 1.3 million employees in 350 industries.

The Confederation of French Business (Medef) is the leading employer network in France. It represents the interests of about 125,000 companies across the country. The General Confederation of

Italian Industry (Confederazione Generale dell'Industria Italiana) is an Italian federation of small, medium, and large enterprises, acting as an autonomous chamber of commerce, comprising 222 associations that unite more than 150,000 companies.

*National organizations of various sectors of the economy* – Confederation of Agricultural Businesses Italy, the French Association of Industries and Companies in the water and environment sectors, etc.

Sometimes, in EU member states, there are noticeable campaigns by business groups to draw attention to this or that issue of doing business, so to speak, to put pressure on the authorities. However, in most cases, the political participation of business actors is less visible.

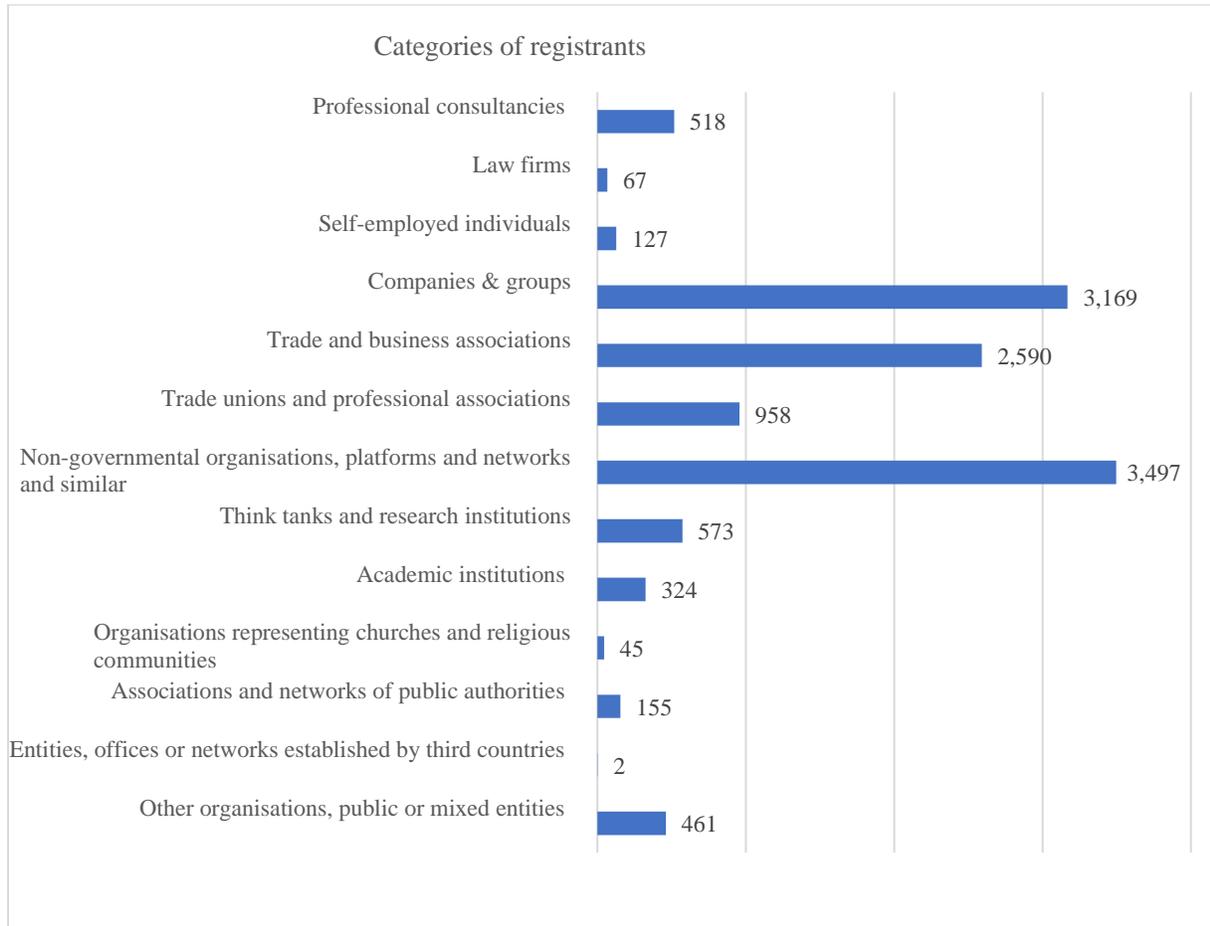
#### 4.3. Implementation of the Principles of Interaction of Business And Government in the EU: A Practical Area

*Relations with the Commission.* The relationship between business and the Commission centers primarily around the Commission's powers to initiate and develop legislative proposals and, to a lesser extent, policy implementation. One of the main features of these relations is that the official consultative structures in the EU are few in number. Sometimes, the Commission lacks the human and financial resources and expertise to develop effective and appropriate legislation. In such conditions, it relies on information received from external consultants and experts, especially at the preliminary stages of document development. Commission officials always welcome the views and expertise of the business community, particularly in providing technical information and explanations, which helps them prepare bills that make sense and ultimately win the approval of Parliament and the Council.

It is difficult to find provisions in EU regulatory acts that directly oblige the Commission to consult with business. However, under Article 11 of the Treaty on the European Union (TEU), the Commission must consult widely with stakeholders to ensure consistency and transparency in EU actions. In addition, it is required to inform the Parliament and the Council about conducting consultations with interested parties. The list of interested parties is usually defined either by the triangle “government – business – society” or by the triangle of sides of social dialogue: “state – employers' organizations – trade unions”. Thus, the provisions of the Treaty of Rome provide that the Commission must take into account the views of “social partners” – that is, trade unions and employers' organizations – in relation to social policy. As BusinessEurope represents national employers' associations, they are clearly the organization whose views should be heard. The EESC is also the organization that expresses the positions of the social partners and whose opinion is necessarily taken into account by the Commission. It is usually easy to identify groups of the business environment with which you need to conduct consultations in other specific cases. Thus, in the case of pharmaceutical legislation, the Commission will consult EFPIA, which represents the European pharmaceutical industry.

In 2008, a register of interested parties participating in such consultations was created. In 2011, it was replaced by the Joint Transparency Register, which is still active today, which, unlike the previous one, includes not only a list of organizations but also contains information on law firms, non-governmental organizations, research institutes, and other organizations who are involved in the process of influencing decision-making within the European Union. The purpose of creating such a public register was, on the one hand, to encourage civil society to actively participate in the decision-making process and, on the other hand, to ensure the transparency of this process. Thus, the implementation of such important elements of the functioning of civil society in a democratic society as accountability and transparency of government actions in the context of decision-making, which is also a necessary component of their legitimization, was guaranteed. In accordance with the new requirements, the Joint Transparency Register contains information on the number of persons working in one or another firm/organization/institution engaged in lobbying activities in the area of their interest and information on the financing of their activities. By registering in the Register, the organization in question automatically commits to complying with the Common Code of Conduct, which, among other things, requires organizations to always identify themselves and not obtain information by fraudulent means when carrying out their activities and also introduces a mechanism

through which it is possible to challenge the activity of the organization if it violates the provisions of the Code. As of February 2024, 12,486 participants were registered in the register (see Figure 1).



**Figure 1.** Statistical information about organizations entered into the transparency register.  
**Source:** Compiled by authors based on Transparency Register Statistics [19].

Thus, the needs and interests of government and business in holding consultations and developing a common position coincide. Sometimes, the Commission starts the legislative process with a green paper (a “consultation document” setting out views for public debate) or a white paper (a policy statement). A more usual procedure is to write one or more memoranda, followed by drafts, none of which are formally published but rather provided informally to business, member state experts, and other interested groups for their comments and input.

It is worth noting that many large companies try to interact with EU institutions directly and not through relevant business associations. Usually, in this way, they try to solve the problems of a particular company. However, in general, presentations made by representative organizations carry more weight for the Commission because they represent a combined vision. In addition, the Commission can more easily adopt a single unified point of view and be more operational when compromises have already been worked out within the organization. At the same time, such consensus positions may represent too much of a common denominator to be useful to the Commission, and the Commission has occasionally shown an interest in choosing between conflicting positions in the business environment [20].

Another channel of dialogue between business and government within the European Commission is the 17 commissioners and their offices, as the Commission's decisions are made collegially. At this level, political factors play a more critical role. In a formal sense, commissioners lose their national identity when they take up their duties. However, they are often the recipients of information and lobbying from compatriot business groups. This could allow businesses to find allies among commissioners or at least raise their awareness of national perspectives to consider. In addition, some commissioners have established non-governmental informal groups to advise them on various issues.

*Relations with the European Parliament.* At the second stage of the legislative process – one or two readings in the European Parliament – the relationship changes. For the most part, the process becomes more formal. The status of a specific legislative act is clear – in which reading the text is, the dates of discussion, the deadline for submitting amendments, etc. Parliament's activities focus on developing amendments to the Commission's legislative proposals and, in cases where the Parliament holds two readings, to the text of the first reading agreed by the Council (known as the “common position”). Business groups practically do not have the opportunity to communicate directly and officially with the Parliament or members of the European Parliament. Sometimes, there are congressional hearings where businesses can express their views orally and in writing on the legislation being considered. The main work is carried out in committees. This work is mainly carried out by the rapporteur, a member of the European Parliament, who is tasked with formulating the totality of the committee's views on each legislative act and thus takes the initiative in drafting amendments.

Like the Commission, the Parliament has a small staff. On average, members of the European Parliament have one assistant. This leads to receptivity to contacts with the business community to some extent. Many members of the European Parliament turn to businesses to get information and comments on the subject of a particular legislative act. However, this is by no means the unanimous opinion of all parliament members. Many MEPs believe such contacts exert undue influence on interest groups, giving them an unfair advantage over other groups with fewer resources.

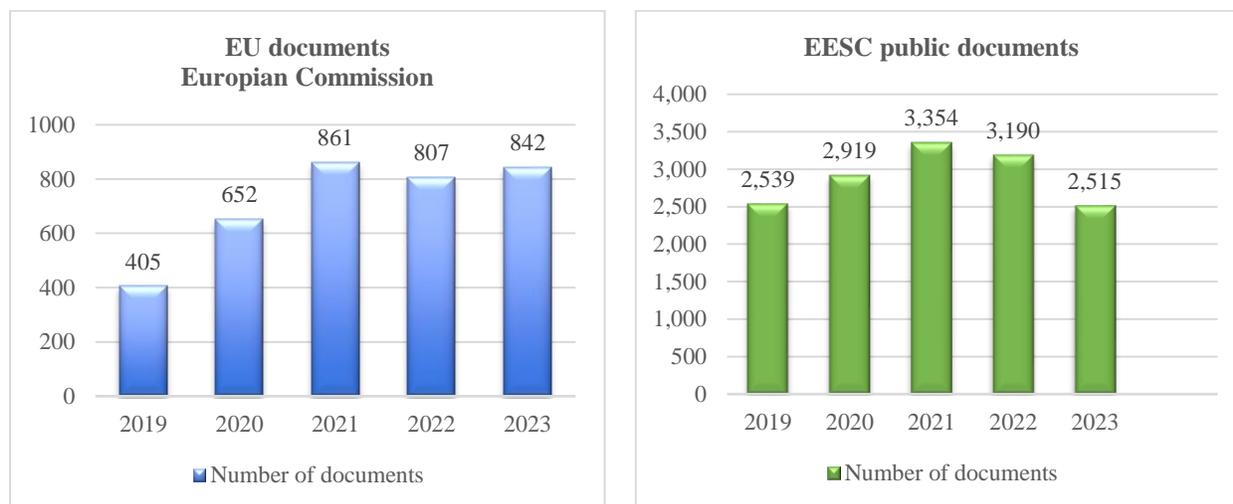
Thus, the interaction between MEPs and businesses usually takes place outside of formal frameworks, and the degree of interaction largely depends on the readiness of a particular MEP to dialogue with businesses.

*Relations with the Council.* The Council of Ministers remains the key decision-making body. That is why business relations with the Council are important. Since the Council consists of national ministers of certain sectors of the EU member states, these relations occur mainly at the national level, not at the pan-European level. About 250 working groups and committees, which consist mainly of officials from the capitals, as well as representatives of the permanent missions of the member states in Brussels, are working on preparing the Council's decisions. They carry out technical work and submit documents to the Committee of Permanent Representatives (COREPER), which carries out political preparation of decisions. What distinguishes the work of the Council from the work of other EU institutions is that its discussions at all levels are held behind closed doors. Information, including documents, is usually available only after the fact, but outsiders are not involved in the decision-making process. There is minimal contact between the Council secretariat and business. Business organizations can send documents to the secretariat with a position on issues under consideration by the Council. However, in this case, the task of the secretariat is limited to distributing these documents among the members of the Council without comments.

However, such a complex and rather closed format of the Council's work does not mean that there is no interaction between the government and business here at all. Since, as a rule, the members of the council are in the capitals of the member states, the interaction between business and government has a wide range of possibilities, which are determined by the peculiarities of the political administration of each of the member states. Often, this is a mutually beneficial activity, as the information provided can improve the understanding of the problem by the representatives of the member states and thus increase their effectiveness in promoting their state's position [21].

The European Economic and Social Committee currently has 329 members representing EU member states in three categories: business (employers' organizations) – 108 representatives, trade unions – 111 representatives, and NGOs (Civil Society Organizations) – 106 representatives. The EESC is actively involved in the rule-making process within the EU and expresses its position on important socio-political processes both at the EU level and on a global scale. It is important that when preparing each document, the EESC produces a common, agreed position of business, employees, and other interest groups.

Thus, over the past five years, many position documents, recommendations, and proposals for the European Commission have been prepared within the framework of the EESC's activities (see Figure 2).



**Figure 2.**

Position documents, recommendations, and proposals for the European commission, prepared by the European economic and social committee 2019–2023.

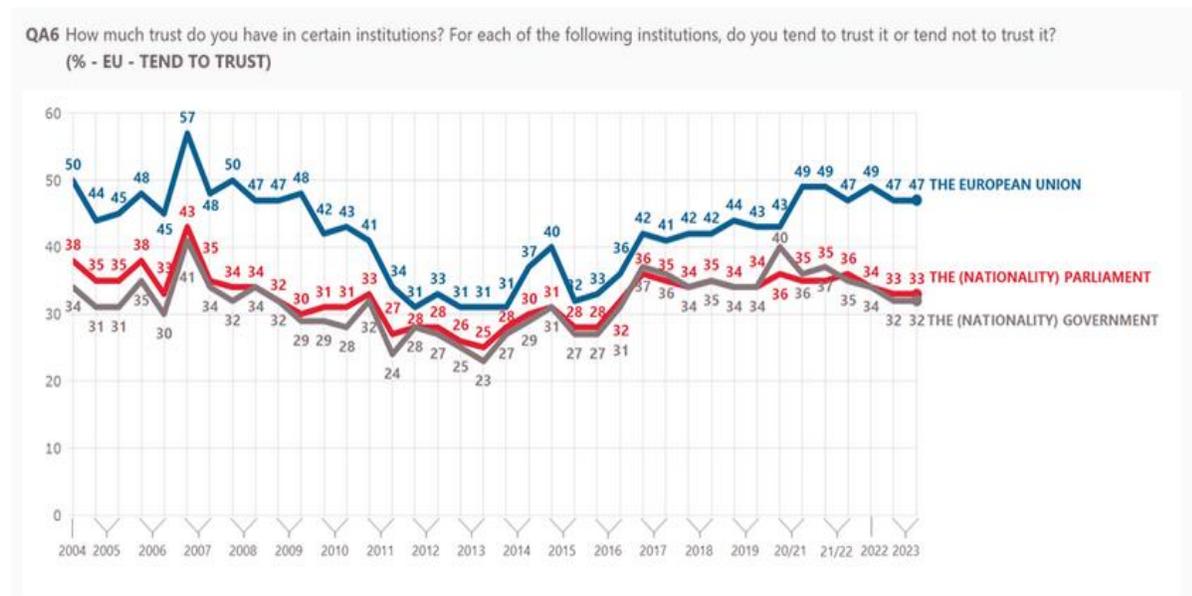
**Source:** Compiled by authors based on The European Economic and Social Committee [22].

The European Commission constantly disseminates information about the start of consultations within the framework of the rule-making process, and reports on the results of such consultations are published for the general public. The European Commission informs all interested parties about the consultation's start, specifying the consultation's subject area and the terms of its implementation. Reports are published based on the results of such consultations, which indicate the number of participants and the results of the consultations. For example, in June 2023, the European Commission published a consultation report (duration: October 5, 2022 – January 11, 2023) on the revision of the EU rules on food contact materials (FCM). The report summarizes the results of the consultation period and provides an overview of the categories and countries of origin of the participants. A total of 610 reviews were received from 31 countries. The majority of responses were sent by EU citizens (45% – 276 responses), followed by companies and enterprises (almost 26% – 157 responses), as well as business associations (over 13% – 81 responses) [23]. Another interesting example of interaction between business and government is the consultation on the Data Act held in 2021. Four hundred forty-nine stakeholders from 32 countries (25 EU member states, Argentina, Brazil, Canada, Japan, Switzerland, Great Britain, USA) participated in the consultations. Enterprises accounted for the largest share: 122 business associations and 105 companies/business organizations. One hundred respondents were representatives of state authorities and 58 citizens (56 from the EU and two from non-EU countries) [24].

One of the tools for measuring the effectiveness of public policy is determining the level of citizens' trust in government bodies, civil society institutions, and business organizations. Political trust is one of

the pillars of a well-functioning democracy; therefore, its level is the main indicator of the quality of the relationship between citizens and political institutions. In the context of this study, it is important to study the trust of European citizens in national and pan-European institutions. Trust, as a multifaceted process, depends on citizens' perception of institutional closeness, emotional attachment, the political system of the country under study, the level of its federalism or centralization, its general economic and social condition, the level of support of the federal/national government, the quality of democracy, general satisfaction with one's life, etc.

In the context of this work, the conclusion of the authors of the study “Trust Scale: local, regional, national and European Politics in Perspective” is interesting. It notes that in most EU member states, the level of trust in EU institutions is higher than the level of trust in national authorities [25]. This opinion is also confirmed by the results of the Standard Eurobarometer survey 2023, according to which 47% of the EU population tend to trust the EU while 32% tend to trust national governments (see Figure 3).

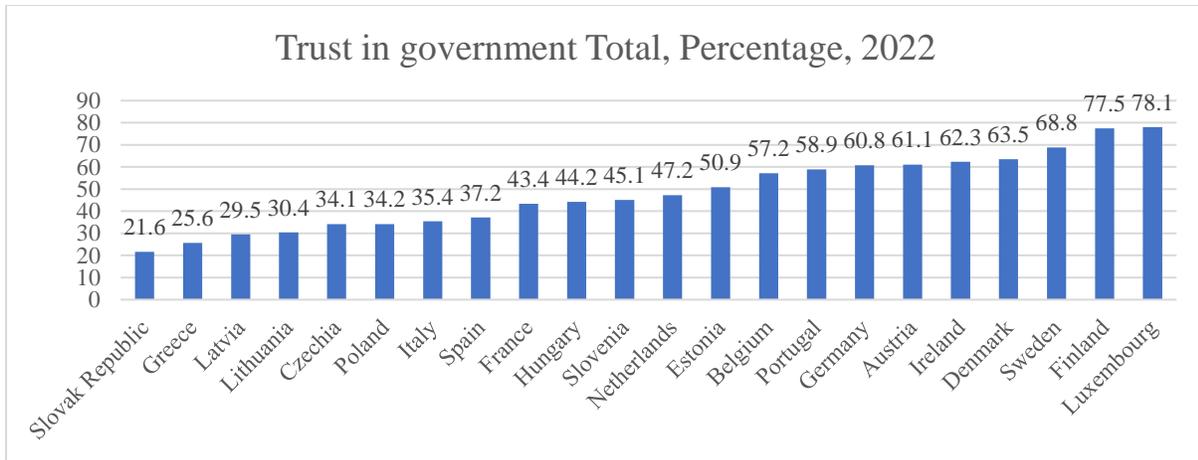


**Figure 3.**

Citizens' trust in EU institutions and national-level authorities.

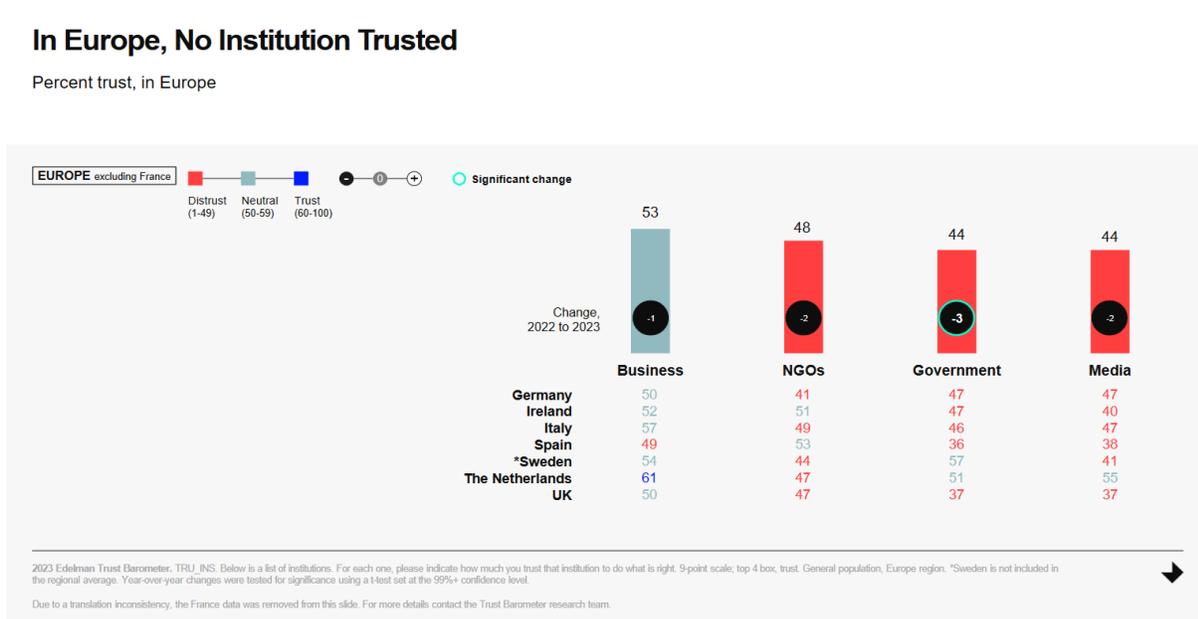
**Source:** Compiled by authors based on Standard Eurobarometer survey [26]

Indicators of the level of trust in national governments across EU member states are also interesting. The results of the OECD Data study show the level of institutional trust of citizens for the European countries included in this sample and demonstrate a high degree of heterogeneity between countries. The country with the highest level of trust in institutions is Luxembourg (a country where 78.1% of people tend to trust the national government), followed by Finland (77.5%) and Sweden (68.8%). Instead, the Slovak Republic is the worst country (21.6%), followed by Greece (25.6%) and Latvia (29.5%) (see Figure 4).



**Figure 4.** Confidence in national governments of EU member states.  
 Source: Compiled by authors based on OECD Data [27].

At the same time, according to a survey by public relations firm Edelman, people worldwide are more gloomy than ever about their economic prospects and trust businesses far more than other institutions such as governments, nonprofits, and the media (see Figure 5).



**Figure 5.** Trust in key institutions in EU countries.  
 Source: Compiled by authors based on Edelman Trust Barometer Europe Report [28].

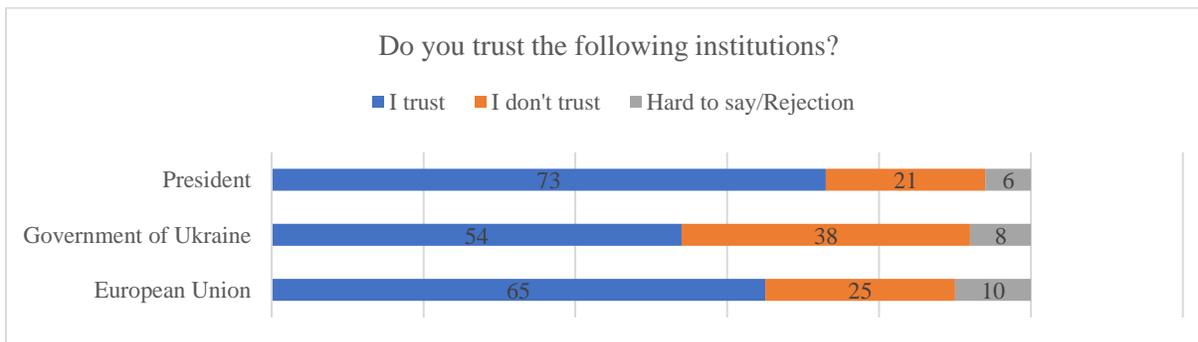
From the above, it can be stated that establishing close interaction between business and the government is a two-way necessity. For the authorities, this means obtaining information, complying with legislation, and increasing the level of legitimacy of their decisions among the population. For business, it means access to information, the ability to protect one's rights, improvement of business conditions, etc.

### *The Ukrainian Experience of Adjusting the Interaction Between Business and Government into the Production of Public Policy*

Ukraine's European integration course forms the need to study the problems of the European integration policy of our country, in particular in the field of establishing effective interaction between business and government; understanding the essence and features of integration processes in Europe, the main theoretical foundations and genesis of European unity, institutional, legal, economic aspects of the functioning of the European Union; ensuring the safety and well-being of the population by using the best European practices of public policy.

In the conditions of European integration, Ukrainian businesses began to realize the need for changes in approaches to work. A survey of enterprises conducted by the Institute of Economic Research and Economic Consulting in early 2016 showed that Ukraine's European integration course significantly impacts business activity. Membership in business associations is more common among enterprises engaged in foreign economic activity. Thus, 28% of enterprises involved in foreign trade are members of at least one business association, while among others, the membership rate in business associations is only 15%. Several Ukrainian companies deliberately became “white” to adapt better to the EU market. For a business that works only for the domestic market, there is often no motivation to work in the “white” because the prevailing thought is that every rule can be broken. However, if export access is required, the business must comply with regulations beyond this interpretation [29].

The results of sociological surveys show that Ukrainians have a high level of trust in EU institutions. This, in turn, indicates that we (Ukrainians) recognize and accept the principles of EU policy, which are the basis of the activities of EU institutions and which were described above. Thus, according to the results of a survey conducted in the fall of 2023 by the Kyiv International Institute of Sociology (KIIS), Ukrainians feel more trust in the institutions of the European Union than in the national government (see Figure 6).



**Figure 6.** Ukrainians' trust in EU and Ukrainian government institutions.  
**Source:** Compiled by authors based on KIIS [30]

In the context of the study of Ukraine's readiness to be included in the process of interaction between business and government within the framework of EU public policy, two key issues should be considered:

1. interaction and participation of Ukrainian business in the work of business associations of pan-European non-sectoral organizations and European sectoral associations, which act as the main subjects of interaction “business – government” within the framework of public policy with the European Commission, the European Parliament and the Council of Ministers;
2. Peculiarities of interaction between business and government in Ukraine at the national level.

Today, it can be stated that Ukrainian businesses are actively trying to get involved in the existing interaction channels between business and government and cooperating with business associations at the EU level.

*The European Economic and Social Committee* occupies an important place in the EU's interaction structure between business and government. In Ukraine, it has almost ten years of institutionalized experience of interaction with organized civil society. The first attempts to establish cooperation between the EESC and Ukraine's civil society, including business associations, occurred in 2014. In that period, the formation of the EU-Ukraine Civil Society Platform (CSP) began, which was created in accordance with Art. 469-470 of the Association Agreement between Ukraine and the EU. The CSP is a body consisting of representatives of Ukraine's civil society on the one hand and members of the European Economic and Social Committee on the other. At the beginning of January 2024, the EESC announced a call for expressions of interest, inviting representatives of employers, trade unions, and other civil society organizations from EU candidate countries to participate in the pilot project and become "ECMs – "enlargement candidate members" at the Committee. Based on the application review results, 21 members from Ukraine were selected, including seven business sector representatives. This initiative makes the EESC the first EU institution to offer candidate countries a specific opportunity to engage and participate. The initiative is designed as a one-year pilot project in 2024 and will be evaluated in December 2024.

*Pan-European non-sector organizations.* Ukrainian business already has, albeit a small but important, cooperation experience with organizations of this level. The Federation of Employers of Ukraine and Union of Ukrainian Entrepreneurs is part of BusinessEurope, the Ukrainian Chamber of Commerce and Industry is an affiliate member of Eurochambers, and the Handicraft Chamber of Ukraine is part of SMEunited.

*European sectoral associations or federations.* The Association of Representatives of International Pharmaceutical Manufacturers of Ukraine is a member of the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA), the Association of Pharmaceutical Research and Development (APRaD) is an affiliate member of the European Federation of Pharmaceutical Industries and Associations (EFPIA), Ukrainian Chemists Union is an associated national federation of the European Chemical Industry Council (CEFIC). The Confederation of Builders of Ukraine – the largest industry association, representing more than 800 members (construction holdings, associations, unions) – is part of the European Federation of the Construction Industry (FIEC).

In the structure of the business environment of Ukraine, a significant number of organizations have also been created, which represent business in interaction with the authorities and function both at the national and sectoral levels.

*National level organizations.* There are three employers' organizations at the national level. The Federation of Employers of Ukraine, in addition to being part of BusinessEurope (as already mentioned above), is a member of the International Organization of Employers (IOR) and represents the interests of Ukrainian employers in the International Labor Organization (ILO). The Confederation of Employers of Ukraine is an active member of the regional and international employers' movement and has constructive relations with the International Organization of Employers, BusinessEurope, EESC, and employers' organizations in many EU countries. The Association of Organizations of Employers of Ukraine actively cooperates with business organizations in the EU. Among other business associations of Ukraine, it is worth noting the Chamber of Commerce and Industry of Ukraine (85% of Chamber members are small and medium-sized businesses, 15% are large companies), as more than 60 business associations of the country are among the Chamber's membership community. The Ukrainian League of Industrialists and Entrepreneurs (ULIE) is a public association that includes large, medium, and small business representatives. The ULIE comprises 25 regional branches, 73 branches, 24 representative offices, and 39 commissions on various issues. The Union of Ukrainian Entrepreneurs consists of more than 950 companies from all regions of Ukraine. The European Business Association (EBA) is one of the largest business communities operating in the Ukrainian market. EBA includes more than 900 businesses, including micro-business (14.8%), small businesses (23.2%), medium-sized businesses (16.9%), and large businesses (45.1%) [31].

*National organizations of various sectors of the economy.* At this level, there is a huge number of organizations in Ukraine according to the organizational form of employers' organizations: the Federation of Employers of Housing and Communal Services of Ukraine, the All-Ukrainian Union of Employers' Organizations in the Power Industry, the Federation of Employers in the Oil and Gas Industry, the All-Ukrainian Federation of Employers in the Tourism Sector of Ukraine, and organizational form of non-governmental organizations or business association: Ukrainian Association of Business and Trade, Association of Information Technology Enterprises of Ukraine, Association of Business Tourism of Ukraine, Association of Jewelry Industry Enterprises, etc.

Objectively, both the government and business are interested in formalizing their interaction and forming transparent models of mutual relations with the involvement of civil society institutions. The need for businesses to institutionalize interaction with the government is due to the need to legitimize its participation in making political and managerial decisions, ensuring that corporate interests are taken into account, protecting property rights, etc. In turn, the authorities will receive additional mechanisms for regulating the economic situation, which will allow them to ensure economic growth, effectively solve social problems and respond promptly to new challenges.

The analysis of the relationship between “government-business-society” proves that in Ukraine as a whole, a normative and legal basis for the interaction of public authorities with institutions of civil society in the development and implementation of public policy has been formed. Domestic regulatory legal acts determine a significant number of institutional forms of public participation, including business associations in the development of public policy, the adoption of political-management decisions, and control over their implementation. In general, among a wide range of forms of interaction, the following can be distinguished: informing, participation in surveys to find out public opinion, individual or collective appeals of citizens, public hearings, consultations with the public, public councils, social dialogue, monitoring, Internet platforms, affiliate programs, etc. Representatives of business associations are members of the National Council of Reforms, not to mention numerous working groups on individual issues formed by relevant state authorities.

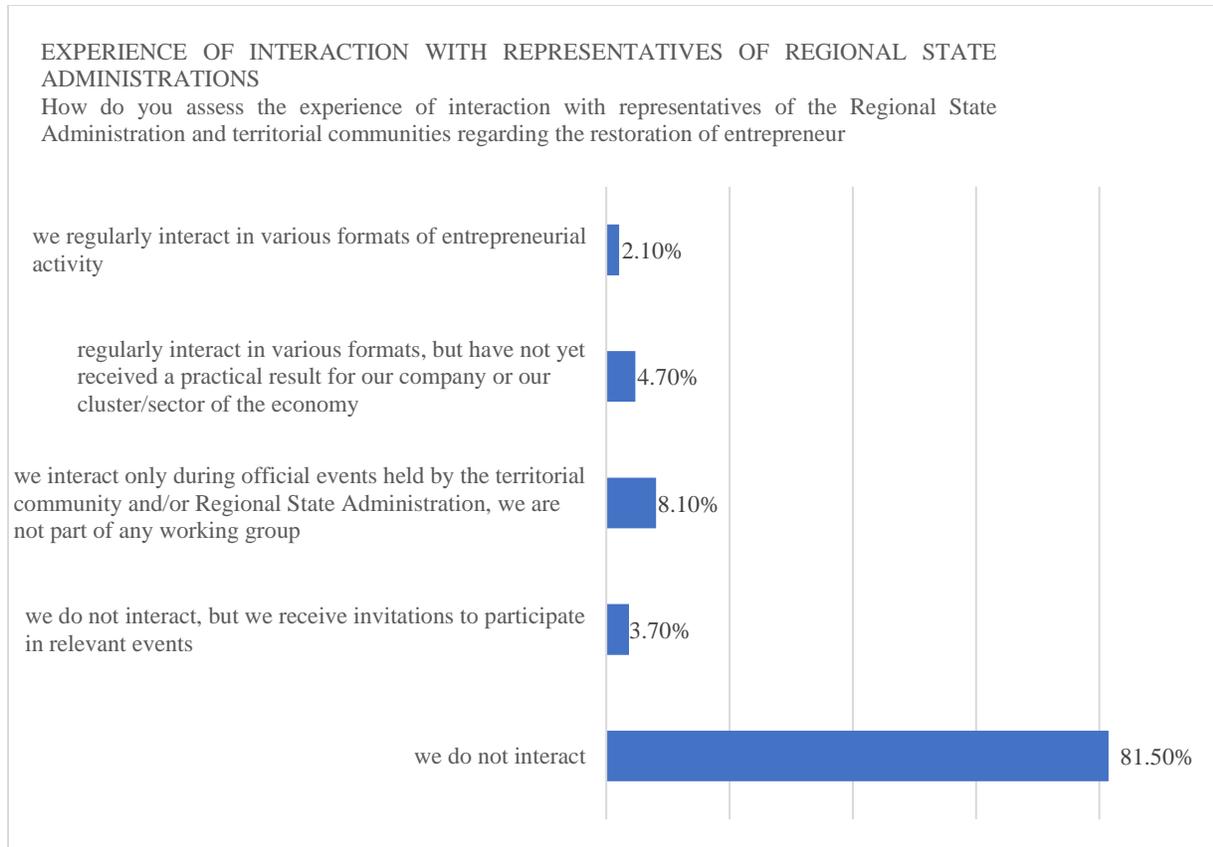
In addition, there are bilateral forms of interaction between business and government. The Council of Entrepreneurs under the CMU operates in Ukraine. In the past two years, since the beginning of the full-scale invasion, a number of information, advisory, and financial support programs have been implemented for businesses, both at the national and international levels. The purpose of such programs, particularly, is to establish a dialogue between business and the government. In July 2023, the Office of the President launched a coordination platform that will consider relations with business. The work of the coordination platform of business and the Office of the President is already yielding results, but the ice of mistrust between entrepreneurs and officials slows down these processes. In January 2024, the Council for Business Support in Martial Law was established as a consultative body under the President of Ukraine. The Council included representatives of employers' organizations, business associations, and representatives of individual enterprises. The All-Ukrainian economic platform “Made in Ukraine” was also launched under the patronage of the President of Ukraine for constant communication and coordination of interaction between state bodies, representatives of relocated enterprises, domestic business (large, medium, small), public associations of entrepreneurs, foreign investors, politicians, scientists, experts [32].

However, these formal institutions have yet to be filled with real content, which, accordingly, will make them real bearers of business positions and opinions. According to Ukrainian researchers Teleshun et al. [2] and Puhkal and Homoliako [33], the real institutional model of interaction between government and business in Ukraine is dominated primarily by informal institutions, in particular such as nepotism, clientelism and the shadow economy, which is a significant obstacle to the establishment of clear rules of interaction between business and government. Specialists and experts also emphasize that currently, the interaction of government bodies with businesses in the formation and implementation of public policy remains ineffective due to the insufficient transparency of the activities of these bodies and the bureaucratized procedures of such interaction, as well as the low-level of mutual trust.

In such conditions, analyzing the practical dimension of the interaction between public authorities and business becomes particularly important. A significant number of Ukrainian researchers point out that on the part of public authorities when making management decisions, there are cases when the business opinion (objections, proposals) expressed at meetings, during consultations, during public examinations, and public hearings is not taken into account. There is no system and feedback mechanism for the results of consultations, the presence of consultative and advisory bodies does not always contribute to the maximum involvement and awareness of business, and partnership, as the highest level of interaction, is still in the early stages of development. The researchers, having analyzed the state of activity of consultative and advisory councils at public authorities, note that “the level of effectiveness of their work decreases due to the delay in the process of formation and due to negative precedents of using public councils in the interests of individual officials and political forces, which contradicts their functional purpose and discredits this format of interaction” [2].

*Local level.* The war in Ukraine and the processes of decentralization, which have been going on for several years, have a decisive impact on business and indicate that the local level is becoming basic in policy-making, and accordingly, the role of communities in the development of Ukrainian society, including the state, is growing [34]. The insane scale of business relocation due to military actions and the transfer of powers to local self-government bodies in the context of decentralization create new challenges and a wide scope for implementing various local policies. Large regional inequality and uneven development in Ukraine are expected after the war. This needs to be taken into account now to ensure future development. The national government should consider that the specified processes actualize the issue of creating political levels capable of ensuring the implementation of government policy and the development of local policy aimed at solving problems and meeting business needs at the community level.

According to the latest sociological surveys, more than 80% of businesses do not interact with the authorities at the local level, 8% interact only during official events, and 4.7% interact regularly but do not receive a practical result (see Figure 7).



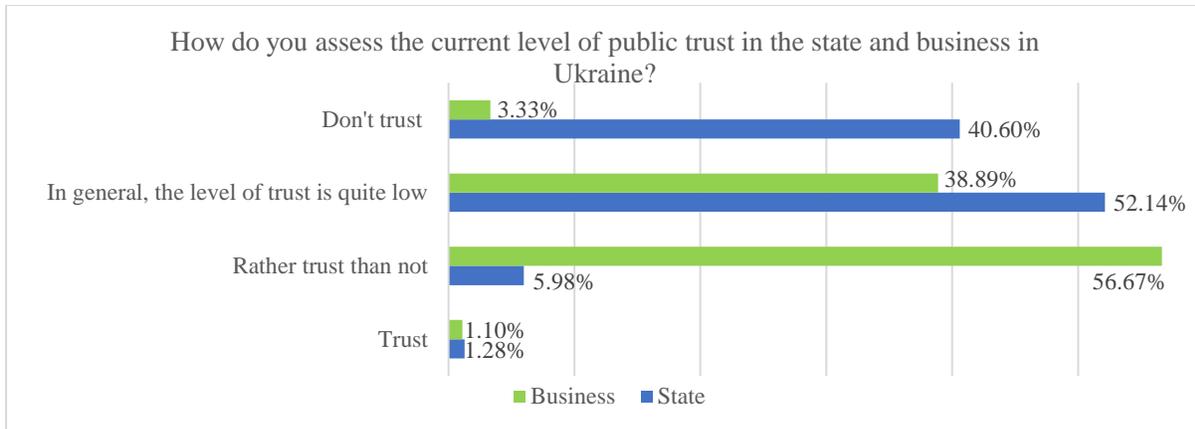
**Figure 7.**

Business interaction with local authorities.

**Source:** Compiled by authors based on Center for Innovations Development [35].

The survey results once again confirm that, unfortunately, the spread of traditional forms of business participation in the development and implementation of local policy is mostly fragmentary. Mechanisms of public hearings, general meetings of citizens at the place of residence, implementation of other experiences of direct democracy are implemented in a minority of cases. This also shows that the public authorities do not yet recognize business associations as equal partners in developing and implementing public policy and involve them when it is necessary to gain public support [36]. At the same time, the business environment is weak, its structure is unclear, and institutions are not sufficiently developed.

*Trust.* Any reform is not just a discussion. In fact, it all starts with trust and respect between all parties who want change and sit down at the negotiating table. Trust is an important prerequisite for the development of modern society. In Ukraine, neither businesses nor the government can get a large credit or trust from society. According to the results of a study published by the Mind organization, only a little more than 1% of Ukrainians express complete trust in both the government and business. At the same time, businesses have a much higher level of trust in society than the government. 56.67% of Ukrainians rather trust businesses than not, while the authorities' indicator is only 6.98%. In general, only 3.33% do not trust business, while 40.6% of Ukrainians expressed complete distrust of the authorities (see Figure 8).

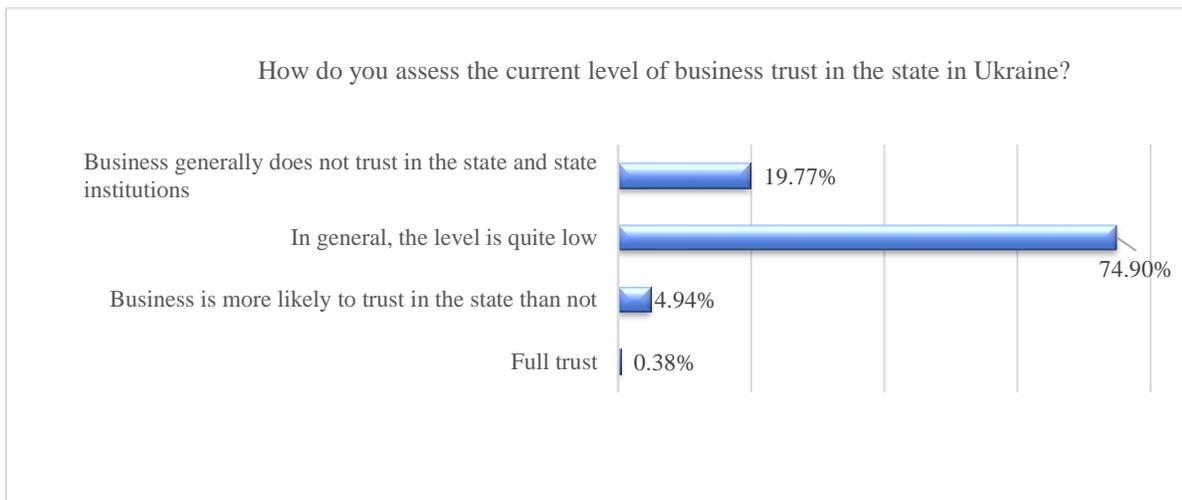


**Figure 8.**

Public trust in the state and business.

Source: Compiled by authors based on Mind [37]

Relations between business and the state in Ukraine are also characterized by a lack of trust. This is reflected in the fact that businesses mostly negatively evaluate reforms aimed at improving the environment for doing business in the country and do not perceive changes. Government policy is primarily associated with the creation of obstacles through numerous rules and procedures, which, from the point of view of business, complicate the conduct of economic activity. In turn, the authorities also do not trust businesses, often accusing the latter, especially small and micro-businesses, of evading the payment of taxes in full, participating in the shadow economy, etc. (see Figure 9).



**Figure 9.**

Business trust in state institutions.

Source: Compiled by authors based on Mind [37]

Against this background, corruption, selective application of legislative norms and practices, and other manifestations of unequal “game rules” toward various business entities by state bodies only deepen mutual distrust. As a result, both parties suffer: state initiatives and reforms do not find support in business circles, and business continues to operate under burdensome regulations and complex and unpredictable relations with government officials.

The low level of business trust in the authorities is one of the reasons why businesses do not actively participate in the activities of bodies and platforms created for their interaction. The Dialogue on Trade Project survey results show that only 13.4% of businesses are aware of the work of advisory bodies, and every second respondent of this study is unaware of the existence of the Public Council under the Ministry of Economic Development and Trade. The low level of trust in such “feedback” mechanisms, which is observed in practice, indicates that either these mechanisms are insufficient to solve the entire array of problems faced by businesses or the formal nature of the work of a large part of the relevant institutions.

Another important point to consider is the issue of trust in the business environment itself. The low participation and often reluctance of businesses to join business associations is because entrepreneurs mostly perceive business associations as representing big business interests.

Therefore, today, among the main obstacles to the establishment of effective interaction between business and government in Ukraine, the following can be singled out:

- Lack of stable and open dialogue between the government and business. In most cases, on platforms where there is a possible exchange of views between the government and business, the government representatives come, report, and exit, leaving no room for feedback. The government pretends to consult with businesses, but in reality, it does not listen and does not intend to listen to advisory bodies' recommendations. Formally, of course, they are not obliged to do this, but such behavior undermines trust and discourages business from actively participating in the work of such institutions;
- The work of the advisory bodies themselves is not always sufficiently transparent. Therefore, they lose the ability to increase trust because they do not enjoy authority among entrepreneurs;
- Management positions in such bodies are sometimes occupied by representatives of “oligarchic” businesses, combined with those whom these bodies should, by their institutional role, control. In such cases, the very idea of dialogue and representation is discredited;
- The business is not sufficiently integrated among itself. Unlike large, medium, and small businesses, they are weakly united in defending their own interests in the public sector. Fear of participating in political life often prevails, and preference is given to the behavior of “not sticking out”. Businesses need to realize how important it is to develop impersonal organizations to achieve collective goals and defend the interests of communities (such organizations can be non-governmental organizations, clubs, business associations, employers' organizations, etc.). Businesses do not know how to use all the available opportunities provided by these institutions, instead, it shifts the blame to state bodies;
- business perceives the government as a single player, is often insufficiently oriented in the formal powers of various government bodies and their institutional roles;
- proposals and arguments from business are often unrealistic, insufficiently developed, weakly argued and put forward in the form of slogans or claims. This causes a just contempt for them, even despite the rational grain that is often contained there [29; 38].

## 5. Discussion

The interaction between government and business within the framework of public policy in the EU provides a significant model for Ukraine as it seeks to integrate further into the European Union. The EU has established an intricate yet effective system of governance that emphasizes transparency, accountability, participation, efficiency, and coherence. These principles are foundational in fostering a collaborative environment where businesses can thrive while contributing to policy-making processes. For Ukraine, adopting similar principles can help bridge the trust gap between businesses and government, thus enhancing economic growth and social stability.

A critical aspect of this interaction is the role of business associations and their involvement in policy-making processes. In the EU, business associations such as BusinessEurope, Eurochambres, and

SMEunited play a pivotal role in representing the interests of their members, providing valuable insights, and influencing legislation. This structured and systematic involvement ensures that the concerns and needs of businesses are adequately addressed, leading to more effective and inclusive policy outcomes. For Ukraine, the development of a robust network of business associations that can engage actively with government institutions is essential. This can be facilitated by creating organizational structures that promote the interests of businesses and ensuring their active participation in policy development and strategic decision-making processes. Moreover, trust between government and business is a cornerstone of effective public policy. In Ukraine, the level of mistrust between businesses and government remains a significant challenge. This mistrust is partly due to historical factors and the lack of transparency and consistency in governmental actions. The EU experience demonstrates that trust can be built through continuous dialogue, transparency in decision-making, and the inclusion of business representatives in the early stages of policy development. Ukrainian authorities need to increase the transparency and consistency of their actions and involve business representatives widely at the decision preparation stage. Such measures will help reduce the mistrust within the business environment and ensure that policies are more reflective of the needs and expectations of both businesses and the government.

Finally, the institutionalization of business-government interactions is crucial for achieving sustainable development. In the EU, the institutional framework supporting these interactions includes various formal and informal mechanisms that facilitate continuous and constructive dialogue. This framework helps align the interests of different stakeholders and ensures that business input is integrated into policy-making processes. For Ukraine, establishing a similar institutional framework that includes educational trainings for civil servants, the creation of consultative bodies, and the implementation of international and European standards of business participation is vital. These steps will not only enhance the effectiveness of public policy but also ensure that the business environment is conducive to growth and innovation.

## 6. Conclusion

Businesses have a special position in the EU rule-making process. It is by working together that business and government can achieve the best results for the development of society. Business provides politicians with valuable information and experience. In the EU, businesses are actively mobilizing to contribute to policymaking. This contribution takes place through consultations of the European Commission and hearings in the committees of the European Parliament, preparation of policy reports, participation in sectoral forums, expressing points of view during online consultations, holding joint events with politicians, etc. The principles of good governance laid out in the EU White Book, which are the basis of interaction with the authorities within the public policy framework, are openness, participation, accountability, effectiveness, and coherence, which prove their effectiveness.

At the same time, navigating EU politics is not an easy task and requires careful short- and long-term strategic decisions. The EU consists of intergovernmental negotiations in which national governments, parliaments, and organizations are key participants, as well as supranational authorities, where institutions such as the European Commission, European Parliament, and EU agencies have significant power over final decisions.

Effective public policy plays a fundamental role in the process of Ukraine's European integration, acting as a driving force for the reforms necessary to achieve compliance with the EU membership criteria [39]. Despite the fact that Ukraine is not yet a full member of the EU but only has a candidate status, the business environment of Ukraine is actively included in the structure of business associations at the EU level. Thus, Ukrainian business associations and employers' organizations are part of or cooperate with the business environment at the EU's pan-European and sectoral levels. We are talking about interaction with the European Economic and Social Committee, BusinessEurope, Eurochambers, SMEunited, International Federation of Pharmaceutical Manufacturers and Associations, etc.

Since business is an active actor not only in socio-economic but also political processes in the country, its interaction with the authorities at the national level is of fundamental importance both for carrying out reforms in various spheres of social life and for developing public policy. In Ukraine, there is a regulatory and legal basis for interaction both in the “government-business-civil society” triangle and in the bilateral format of “business-government” interaction. We can confidently say the practical level of implementation in Ukraine of such principles of good EU governance as openness and participation.

However, it is still too early to talk about the completion of the formation of an effective institutional system in Ukraine capable of ensuring effective interaction between government and business based on clearly established rules and norms of their self-regulation, which would correspond to the three other principles of good EU governance: accountability, effectiveness, and coherence.

It is important to note that the institutionalization of the interaction between government and business in public policy processes should be based on the optimal use of the following systemic principles: reaching a consensus of the interests of government and business during a public discussion on the identification of the main directions of the state's economic and social strategy; strengthening the role of business associations, self-regulatory organizations of entrepreneurs, implementation of social and charity programs; participation of the so-called “organized business” in the socio-economic life of the local community; transparency of government and business relations; democratization of strategic decision-making processes; diversification of social responsibility of business and government.

In the conditions of the European integration course and the further development of Ukraine as a democratic, social, and legal state, the issues of improving existing and creating new mechanisms for establishing interaction between business and government within the public policy framework are gaining special relevance. At the same time, promising directions for the further development of the process of institutionalization of the interaction between government and business in Ukraine should be:

- Development of an organizational structure that represents the interests of business both in the triangle “government – business – civil society” and in the bilateral format of “business-government” interaction;
- Creation of conditions for more intensive involvement of representatives of the business environment in the development of public policy, strengthening of their expert and analytical participation in the processes of making strategic decisions of a state nature;
- Educational trainings and seminars for the training of civil servants – specialists in the field of interaction between the government and business, as well as the mandatory introduction of the main principles of public policy (consultations, consent procedure, joint decision procedure) into the activities of the government;
- Ensuring the awareness of the business environment of Ukraine of international and European standards of business participation in the development of public policy and the advantages or problems regarding their compliance;
- Formation of mutual trust between businesses, non-governmental organizations, and authorities, the main goal of which is to obtain not only mutually beneficial but also socially useful results;
- Activation of interaction between business and government in the development and implementation of public policy at the local level;
- On the part of the expert community, including technical assistance projects: facilitating the dialogue between business and government in various dimensions – from purely organizational to the development of analytical products and concepts that help the interaction participants better understand each other.

The government needs to maintain a dialogue with businesses to earn their trust because trust in the government is the key to business success. However, this process is not fast. Both sides need to take steps to improve trust between business and government. The authorities should increase the transparency and consistency of their actions, as well as involve business representatives as widely as

possible at the stage of decision preparation, and provide tools and mechanisms for the implementation in Ukraine of the principles of transparency, accountability of authorities, and coordination of interests of interested parties. Such actions of the authorities will allow partially reduce mistrust in the business environment itself when SMEs have a low rate of participation in the activities of business associations due to mistrust and their confidence that such business associations represent the interests of big business only. Business, in turn, should be more unified and structured. It also needs to increase its policy-making involvement through consultations and advocacy campaigns. Such steps will increase the awareness of the government and business of the problems and expectations of both sides and will provide an opportunity to consider specific issues and topics and conduct a meaningful discussion using the mechanisms and tools of interaction between business and government within the framework of public policy.

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